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DIRECTOR'S MESSAGE



Director George M. Seitts

As we move into autumn and begin planning for the coming holiday season, I can look back on completing my first six months as Director of the Arizona Department of Weights and Measures. It has been a good ride and a welcome challenge in many areas.

It has been a busy time for this Department, and I am proud of the performance by our dedicated staff. This agency has about 40 full-time employees, but over the past six months we conducted more than 13,000 inspections and processed more than 2,700 consumer complaints.

[FULL STORY](#)

TEMPERATURE COMPENSATION

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The interest was sparked by a series of articles, originally published by the Kansas City Star and republished by several Arizona newspapers, alleging that U.S. motorists are paying too much for gasoline because of temperature differences.

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The rule changes culminate a three-year process of working with industry groups and other stakeholders. They are intended to "create consistency in the Department's regulations and statutes while creating greater flexibility for stakeholders and the State," said Duane Yantorno, the Department's Air and Fuel Quality Program Manager.

[FULL STORY](#)

TAXI SWEEP

State Agencies, Police Launch Joint Taxi Enforcement Effort

Three state agencies have joined forces to address the problems created by taxis that are operating illegally on Arizona streets, sometimes with unlicensed drivers and sometimes without buying insurance that covers their passengers.



A taxi is checked during multi-agency enforcement targeting uninsured cabs. Three state agencies and local police took part.

The enforcement effort involves The Motor Vehicles Division of the Arizona Department of Transportation, the Arizona Department of Insurance and the Arizona Department of Weights and Measures Taxi Enforcement Team, which includes Investigator J.J. Stroh and several other staff, including Lupita Peralta, Roger Fisk and Jessica Peña.

[FULL STORY](#)

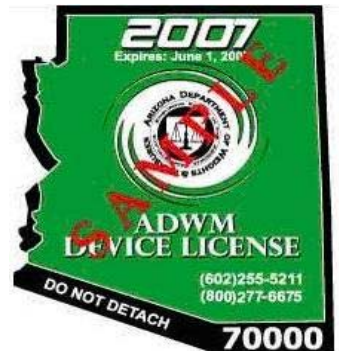
TAXI CONSUMER TIPS:

Look For The Sticker

When you need a cab, there are certain things you can look for to make sure a taxi or livery vehicle is registered with Weights and Measures and has submitted proof of insurance.

- Look for the Weights and Measures Sticker, which should be located in the right-hand rear window of the vehicle.

[FULL STORY](#)



CHANGES IN LAW TAKE EFFECT

A series of changes in state law that impact the Arizona Department of Weights and Measures have taken effect. These changes include the following:

[House Bill 2096](#) brought state laws governing weights and measures into conformance with national standards by changing statutory language regarding the precision standards maintained by the Department to assure that the accuracy and integrity of all weighing and measuring devices used within the state.



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What's new at the Arizona Department of Weights & Measures

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It has been a busy time for this Department, and I am proud of the performance by our dedicated staff. This agency has about 40 full-time employees, but over the past six months we conducted more than 13,000 inspections and processed more than 2,700 consumer complaints.

Rising fuel prices were a major source of consumer inquiries earlier in the year. Nearly three of every four complaints filed with Weights and Measures involved a

fueling device, but only 12 percent of those inspections found evidence of a problem, and most of them were minor in nature. The Department continues to take these cases seriously, and will continue to respond to every complaint.

There is positive news on the gasoline front. Supplies appear ample at this time. The hurricane season is over. Long-range weather forecasts are pointing to a mild winter, and OPEC apparently is committed to providing additional supplies of crude oil, although we could see OPEC nations cut production.

But fueling devices constitute a small part of our efforts to ensure equity and accuracy in the Arizona marketplace. Every time you visit your grocery store, buy gasoline, hail a taxi or purchase an item sold by weight or volume, you are relying on the expertise of our staff.

For example, over the past six months we checked 2,158 small commercial scales, conducted 523 package inspections, inspected more than 2,000 taxis or limousines, conducted 677 inspections of store scanners and conducted 842 price-posting inspections. Overall we found an 85 percent compliance rate with our rules.

Those are significant numbers, but one of our most successful programs is one that has helped a small number of families.

Over the past two years, this Department has intervened in more than 100 complaints involving rogue movers. These companies use the internet to advertise unrealistically low rates for an interstate move. Once they pick up a customer's household belongings they often add thousands of dollars to the price and then refuse to deliver the items unless they are paid in cash.

In August, Elaine Blake of Phoenix was told it would cost \$5,510 to move her household goods to her new home from Ohio. After picking up all her possessions, the mover told her the price had gone up to \$10,200. Dr. Christopher Kim, a cardiologist completing his residency at Maricopa Medical Center, was moving from Connecticut into a one-bedroom apartment in Chandler. The initial estimate for his move was \$2,172. He later was told it would cost \$5,847.

In each case, our Investigators intervened to make sure everyone complied with the terms of the moving agreement. Since interstate moves are based on the weight or volume of the items being shipped, we can have the truck weighed at a certified scale, or we can determine the number of square feet that a shipment needed. In some cases the movers can justify the added cost based on weight or volume, but in far too many cases our investigators find that consumers are being overcharged.

Ms. Blake, for example, saved about \$3,700 based on our investigation. Dr. Kim saved about \$2,900. In all, the Department has saved consumers more than \$100,000 in apparent overcharges by rogue movers.

These interventions aren't easy, and they consume a great deal of staff time. In Dr. Kim's case the van arrived in Chandler at 10 p.m. and the move wasn't completed until 5:30 a.m. the following morning. In Ms. Blake's case the furniture arrived after 5 p.m. on a Friday and delivery wasn't completed until late in the evening.

In both cases, Department staff arrived before the moving van showed up, and they stayed on the scene until the last household belonging was delivered intact.

The gratitude of consumers makes it all worthwhile. Now Dr. Kim can relax by playing Mozart concertos on his electronic keyboard, and Ms. Blake and her son can focus on building the small business they started since moving to Arizona.

The message is clear: We are working hard to keep the playing field level, and anyone who does business in Arizona knows they must play by rules that are clear and impartially enforced.

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TEMPERATURE COMPENSATION

Should Gasoline Deliveries Be Adjusted For Temperature?

Despite a recent drop in gasoline prices, motorists in Arizona and other states are expressing new interest in technologies that adjust retail gasoline meters to compensate for differences in temperature.



*This Temperature-compensated fuel pump is
Used in Canada to adjust gasoline deliveries.*

The interest was sparked by a series of articles, originally published by the Kansas City Star and republished by several Arizona newspapers, alleging that U.S. motorists are paying too much for gasoline because of temperature differences. The impact for individual consumers would be small, amounting to just a few tablespoons of fuel in the average fill-up. But the overall impact might be significant. According to the newspaper articles, the impact on Arizona consumers may exceed \$115 million a year.

Fuel expands when the temperature rises, so a gallon of gasoline delivered at a higher temperature occupies more volume than a gallon at a lower temperature. In warm-weather states like Arizona, temperatures in a gas station's storage tanks may rise above 90 degrees F during summer months.

Temperature compensated fuel systems modify deliveries to adjust the volume delivered when gasoline is at 60 degrees F. In cold-weather areas, the adjustments result in smaller volumes of fuel. In warm-temperature areas, the volume of fuel delivered is increased.

State law in Arizona requires temperature adjustments only on wholesale motor fuel deliveries of 5,000 gallons or more. There is no temperature compensation requirement for retail motor fuel sales.

Advocates say retail meters should be temperature compensated because during warm-weather motorists may be getting less energy for their money.

Petroleum companies tend to oppose temperature compensation, calling it an unnecessary expense. The adjustments require costly equipment. That expense, along with associated costs, would likely be passed on to consumers, they say. This would lead to higher pump prices that could exceed any savings for individual motorists.

Gas stations in Canada use temperature compensated meters to adjust fuel deliveries. In Hawaii, weights and measures officials tested fuel tank temperatures and decided that a gallon of gasoline should deliver 234 cubic inches instead of the standard measurement of 231 cubic inches per gallon. In Hawaii, weights and measures officials and industry personnel use a standard to test motor fuel dispensing meters that is calibrated at 80 degrees rather than 60 degrees to make the adjustment for volume. Hawaiian gasoline prices are about 50 cents a gallon higher than in Arizona.

This practice would be challenging to implement in Arizona. Hawaii has relatively constant temperatures, while Arizona temperatures vary widely between such communities as Flagstaff, Phoenix and Nogales.

In Canada, temperature compensation usually means that a smaller volume of motor fuel is being delivered during most of the year.

What Can Arizona Do?

A number of issues must be addressed before a Temperature Compensation plan can be implemented in Arizona.

State law requires that any weighing or measuring device must be certified by the National Type Evaluation Program (NTEP) or the California Type Evaluation Program (CTEP). There is no NTEP/CTEP-approved motor fuel dispenser that is equipped with automatic temperature compensation.

This issue could be addressed by allowing the use of devices that qualify for Canadian Pattern Approval, which is similar to the procedures used by NTEP.

However, installing Canadian-approved temperature compensation equipment would cost \$1,700 to \$2,700 to retrofit each gasoline pump. Since Arizona has more than 13,000 pumps, requiring the equipment would add \$22.6 million to \$35.9 million to the overhead for gas stations.

In addition to equipment, there would be higher costs to train technicians, maintain the equipment and keep it properly calibrated.

This issue has been the topic of more than a decade of debate through such organizations as the National Conference of Weights and Measures (NCWM). The Conference has not taken a position on Temperature Compensation because of the considerable costs involved and the minimum return that consumers would get. Arizona is extremely active in this organization.

The issue was discussed at a recent meeting of the Western Weights and Measures Association (WWMA), where authorities from roughly 13 states, along with industry representatives, gathered in Salt Lake City on Sept. 10-14. A standing committee of the WWMA moved an item forward to the NCWM including language that would allow voluntary temperature compensation.

Petroleum producers cited the higher costs and said they are opposed to any mandatory requirements. However, the organization discussed the concept of allowing gasoline retailers to offer temperature compensation on a voluntary basis.

Consumers may see higher pump prices to get the benefits from temperature compensation, or they could opt to buy gasoline at stations that did not install the equipment.

The issue of temperature compensation at the retail level is expected to be the topic of ongoing discussions among national weights and measures experts.

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The rule changes culminate a three-year process of working with industry groups and other stakeholders. They are intended to "create consistency in the Department's regulations and statutes while creating greater flexibility for stakeholders and the State," said Duane Yantorno, the Department's Air and Fuel Quality Program Manager.

The changes were approved on Sept. 12 by the Governor's Regulatory Review Council. The six-member panel reviews all state regulatory changes to make sure they are necessary, do not duplicate or conflict with other state rules, and do not impose an adverse impact on the public.



*The New Rules are designed to provide
flexibility To Stakeholders who
use the Phoenix Fuels Terminal*

The new rules can be found on the Department's Website [by clicking here](#). Some of the sections in the rule have taken effect, while others require approval by the U.S. Environmental Protection Agency because they modify aspects of the EPA-mandated State Implementation Plan to improve air quality in Arizona.

The rule changes include the following components:

- Once the changes are approved by the EPA, fuel suppliers will be allowed to provide CARB3 fuel in Arizona as well as the CARB2 blend, or they can opt to use a blend that is similar to the federal reformulated gasoline blend.
- The winter season, when a different fuel blend is required in the Phoenix (Area A) metropolitan area, has been shortened. This change also requires EPA approval before it will take effect. The new winter season will run from Nov. 1 to Jan. 31 instead of Nov. 1 through March 31. It also sets new fuel quality standards for February and March in the Cleaner-Burning Gasoline (CBG) area, which includes the Phoenix Metropolitan Area.
- All test methods used to certify CBG are spelled out in the new regulation. These methods give refineries a choice as to which method they want to use.

- CBG sulfur content has been reduced to 80 parts per million (PPM) from 500 PPM for summer formulation. The exemption for small refineries has been eliminated, and rules affecting terminal pipelines and product transfer documentation for CBG have been eased. These changes also require EPA approval before they take effect.
- The Director of Weights and Measures is authorized to review and approve alternative testing methods for certifying CBG if it can be shown that the precision and accuracy of the alternative methods is equivalent or better than existing testing methods.
- Quality Control and Quality Assurance plans for refineries, terminals and the pipelines must be submitted to Weights and Measures for re-approval whenever there are significant changes.
- Sampling and testing requirements for the registered suppliers supplying winter gasoline to area A can be conducted by a third party.
- The so-called "CARBOB" testing model can be used by registered suppliers, once EPA approval is obtained. This will reduce the number of hand blends that a refinery has to make.
- Methyl Tertiary-Butyl Ether (MTBE) is officially banned in Arizona. This rule change codifies a 2002 decision by the Legislature to ban an environmentally risky compound.
- The limit used by the refineries and the independent laboratories for distillation limits for T50 and T90 have been changed to be consistent with fuel standards established by the American Society for Testing and Materials (ASTM).
- The new rule adopts ASTM standards for ethanol used within the CBG area and makes them consistent with those used by the California Air Resources Board (CARB).
- ASTM testing methods must be used for testing conventional fuel within the State.
- Octane ratings must be certified using ASTM methods set forth in the ASTM standards.
- New rules are established for E85, a blend of 85 percent ethanol by volume and 15 percent gasoline by volume. Among other requirements, any E85 sold within the CBG area must use Cleaner-Burning Gasoline for the gasoline portion of the blend, the fuel quality parameters are spelled out, and fuel suppliers must submit monthly reports to the Department of Weights and Measures.
- New rules also are established for the use of Biodiesel that establish reporting and fuel parameter requirements.
- The definitions of motor fuel and gasoline are modified to clarify where E85 falls within Arizona regulations to allow E85 to be sold in the Greater Phoenix area.

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During a recent two-day sweep, conducted with the assistance of police in Scottsdale and Phoenix, the agencies found more than one dozen taxis that were carrying passengers even though the vehicle lacked proper insurance or the driver did not have a valid driver's license.

In addition, the Insurance Department has found evidence that some taxis operators used insurance documentation that may have been fraudulent.

State law requires all taxis, limousines and livery vehicles to carry at least \$300,000 in insurance covering passengers in the event of injury, property damage, an accident involving an uninsured motorist, or an accident involving an under-insured motorist.

Weights and Measures requires taxi operators to present proof of insurance before they are issued a valid device license sticker. This sticker, which must be renewed annually, is placed in the rear right-hand window of taxis to demonstrate that they are fully insured and are operating legally. Limousines are not required to display the sticker, but it must be available for inspection.

Currently there are more than 2,150 taxis, limousines and livery vehicles licensed to operate in Arizona. This includes more than 2,025 taxis.

"Over the past 24 months, Weights and Measures, denied a taxi license for 410 vehicles that did not present the appropriate insurance," said Weights and Measures Director George M. Seitts, in a letter to insurers. "In addition, our Investigators found 99 cases over

that same period where a vehicle was operating on Arizona's roadways without meeting this important insurance requirement."

In the recent sweep, officers from the Motor Vehicle Division's Enforcement Unit joined with Weights and Measures Investigator J.J. Stroh to check taxis operating in Scottsdale and Central Phoenix. The state officials, operating with local police, checked driver's licenses, insurance coverage and ran checks to see if any of the taxi operators had outstanding felony warrants.

The agencies plan to continue their cooperative effort, given the clear evidence that a small number of taxi companies are putting passengers at risk by operating illegally.

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When you need a cab, there are certain things you can look for to make sure a taxi or livery vehicle is registered with Weights and Measures and has submitted proof of insurance.

- Look for the Weights and Measures Sticker, which should be located in the right-hand rear window of the vehicle.
- Look for the posted rates, which must be inside and outside of the vehicle in letters that are at least one inch high.
- Check the license plate. Most taxi vehicles have a license plate containing the letter "Z," though certain other plates may also be legally allowed.
- If you're hiring a taxi, check the meter. Look for a wire seal that is designed to prevent tampering. If you're hiring a livery vehicle, look for the posted rates, which must be based on either a geographic zone or on a flat rate.



If any of these are missing or appear to be questionable, the vehicle may be operating illegally. If you see an illegal taxi, limousine or livery vehicle, contact the Department at 602-255-5211 or 1-800-277-6675 or [file a complaint online](#) in English or Spanish. Please supply the license plate number of the taxi in question if you have it, and the telephone number that should be posted on the side of the vehicle.

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House Bill 2096 brought state laws governing weights and measures into conformance with national standards by changing statutory language regarding the precision standards maintained by the Department to assure that the accuracy and integrity of all weighing and measuring devices used within the state. This legislation changes references to "Reference" Standards instead of "Primary" Standards, bringing Arizona into technical conformance with the National Institute of Standards and Technology handbooks.

House Bill 2562 permits the Department to increase the civil penalties it can impose on a refiner, refinery, or transmix processing facility that violates state motor fuel quality standards. This measure allows the Department to impose up to \$10,000 in penalties per month against a facility that violates state motor fuel quality standards.

House Bill 2590 clarifies state law regarding the sale of E85 and biodiesel, two alternative fuels that can lessen the state's consumption of petroleum products. E85 is a blend of 85 percent ethanol and 15 percent gasoline. Ethanol is produced by fermenting virtually any starch feedstock, such as sugar cane or corn. Biodiesel is produced from soybean oil or used cooking oil. Typically this processed oil is blended into diesel fuel.

Producers of Ethanol and Biodiesel are required to report the amount of either fuel they produced each month, the fuel quality parameters for their product, and their fuel must meet minimum standards established by the American Society for Testing and Materials (ASTM). Producers who sell these alternate fuels in the Phoenix metropolitan must use clean burning gasoline in their blends, and all fuel pumps selling these alternate fuels, must be clearly labeled. A fact sheet designed to assist with the Ethanol rules can be found [here](#). A fact Sheet designed to assist with Biodiesel rules can be found [here](#).

In addition to these changes, state law now mandates the following:

- E85 and Biodiesel blends are defined as a motor fuel.
- E85 flexible fuel powered vehicles do not qualify for the alternative fuel powered vehicle registration classification

- E85 is taxable in Arizona at the motor vehicle fuel tax rate of 18 cents per gallon.
- Retail fuel outlets can only dispense E85 using devices approved by the National Type Evaluation program (NTEP).
- Any person who imports E85 for use or sale in Arizona must be licensed as a supplier to collect and remit the 18 cents per gallon motor vehicle fuel tax.
- If a person is blending ethanol with gasoline to create E85 fuel, the person must be licensed as a supplier to collect and remit the 18 cents per gallon motor vehicle fuel tax. Arizona licensed suppliers must use the Federation of Tax Administrators' uniform product code of 079 to identify the importation, blending and sales of E85 on monthly supplier reports.

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